

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

NOTICE OF MARKET-DOMINANT  
PRICE ADJUSTMENT

Docket No. R2013-10

RESPONSE OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 4  
(October 25, 2013)

The Postal Service hereby files its responses to questions 1-5 of Chairman's Information Request No. 4, issued on October 21, 2013. Each question is stated verbatim, and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Pricing & Product Support

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David H. Rubin

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1135  
(202) 268-2986, FAX: -6187  
[David.H.Rubin@usps.gov](mailto:David.H.Rubin@usps.gov)

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1. Please refer to "CAPCALC-FCM-R2013-10.xls" in Library Reference USPS-LR-R2013-10/1. The workbook tab "Hybrid Yr. Billing Determinants" provides volumes for one-ounce pieces and additional ounces for presort categories of mail. However, in the workbook tab "Presort," the volume for 2- to 3.5-ounce pieces for the same categories is equal to the volume for all additional ounces in the workbook tab "Hybrid Yr. Billing Determinants." Please explain why the volume between 2- and 3.5- ounces is equal to the volume between 1- and 3.5- ounces.

**RESPONSE:**

An incorrect label was used in the tab "Hybrid Yr. Billing Determinants". The additional ounces calculated for the billing determinants in both tabs are for additional ounces relating to pieces that weigh over two ounces but less than or equal to 3.5 ounces. The label correction is included in the file ChIR4.Qu1-2.Response.xls, filed with this response.

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2. Please refer to "CAPCALC-FCM-R2013-10.xls" in Library Reference USPS-LR-R2013-10/1. The workbook tab "Hybrid Yr. Billing Determinants" does not include volumes for picture permit indicia. Please provide updated First-Class Mail workpapers that include this omitted rate category.

**RESPONSE:**

Please see ChIR4.Qu1-2.Response.xls, filed with this response.

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3. The following questions refer to the residual single-piece rate structure.
- a. Please confirm that residual 2-ounce letters from “uniform” 2-ounce presort mailings currently qualify for the residual rate of 48 cents. If not confirmed, please explain.
  - b. Please confirm that under the proposed rate structure, residual 2-ounce letters from “uniform” 2-ounce presort mailings pay the 2-ounce Metered letter rate of 66 cents. If not confirmed, please explain.
  - c. Please provide separate volumes for residual pieces from “uniform” 1-ounce presort mailings, “uniform” 2-ounce presort mailings and “mixed” presort mailings for the hybrid year of Q4 FY2012 to Q3 FY2013.
  - d. Please provide updated First-Class Mail workpapers that reflect the change in the rates for residual 2-ounce letters from “uniform” 2-ounce presort mailings.
  - e. Please confirm that a presort mailing that contains 2-ounce pieces and one 1-ounce piece would be considered a “mixed” mailing for purposes of determining the applicable rate for the residual pieces. If not confirmed, please explain.
  - f. Please confirm that a presort mailing consisting of 1-ounce and 2-ounce pieces would be considered a “mixed” mailing for purposes of determining the applicable rate for the residual pieces even if all the residual pieces weigh 2 ounces. If not confirmed, please explain.

**RESPONSE:**

- a. Confirmed
- b. Confirmed. Similarly, residual 1-ounce letters from uniform 1-ounce presort mailings pay the 1-ounce Metered letter rate of 46 cents.
- c. These volumes are not obtained [as](#) the presort mailings have the same price for 1-ounce and 2-ounce pieces. This level of data will be collected under the proposed Residual pricing structure.

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- d. Because of the lack of data, as described in the response to part (c), the workpapers cannot be revised to show exactly the impact of the proposal. However, the data used in Docket No. R2013-1 showed that over 90 percent of residual pieces are one ounce.<sup>1</sup> Thus, the price cap impact of the proposed structure is expected to be minimal, as the revenue increase from 2-ounce residual pieces moving from 48 cents to 66 cents would be offset by the revenue decrease from 1-ounce residual pieces moving from 48 cents to 46 cents.
- e. Confirmed. Such a mailing would be unusual unless mailers are pulling out the 1-ounce residuals. Note that the blended 48-cent price assumes that most residuals from mixed mailings weigh 1 ounce.
- f. Confirmed.

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<sup>1</sup> Docket No. R2013-1, USPS-LR-R2013-1/1, Capcalc-FCM-R2013.xls, tab SP Residual Pieces (October 11, 2012).

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4. Please refer to page 13 of Attachment A of the Notice. Please confirm that, consistent with Ordering Paragraph No. 2 of Order No. 1828,<sup>2</sup> paragraph a. under the heading "Flat Round-Trip Mailer" is intended to read as follows: "a. Flat Round-Trip Mailer service allows a mailer to send a flat-shaped mailpiece to a subscriber at the applicable one (1) ounce ~~Flats~~ machinable Letter price and pay postage for the return of the contents of that mailpiece at the one (1) ounce Single-Piece ~~Flats~~ Machinable Letter price."

**RESPONSE:**

Confirmed.

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<sup>2</sup> Docket No. C2009-1R, Order Prescribing Remedy, September 4, 2013, at 9 (Order No. 1828).

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5. Please refer to USPS-LR-R2013-10/1, Excel file: CAPCALC-FCM-R2013-10. Please confirm that the First-Class Mail workpapers do not include volumes or rates related to the Mobile Technology Promotions and the Earned Value Reply Mail Promotion that were approved in Docket No. R2013-1. If confirmed, please provide updated First-Class Mail workpapers that include these omitted First-Class Mail rate categories. If not confirmed, please explain.

**RESPONSE:**

Confirmed that the volumes are not broken out separately for these promotions.

Please see ChIR4.Qu5.Response.xls for the requested spreadsheet.